



2020 ANNUAL REPORT

The Foundation for
The Malcolm Baldrige National Quality Award, Inc.

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“The Institute for Performance Excellence will help the Foundation move boldly into the next era of Baldrige with great confidence in our future, thanks to the support of our initial Institute Trustees who comprise the Mac Baldrige Society. The Mac Baldrige Society is our campaign to establish the Institute with the generous support of the first twenty major donors.”

The Year in Review

by Al Faber
President and CEO, Baldrige Foundation

As President and CEO of the Foundation for the Malcolm Baldrige National Quality Award, it is an honor to present the 2020 Annual Report which includes our audit and financial information.

This past year has challenged us all in so many ways. The COVID-19 pandemic has forced organizations to re-think everything from supply chains and manufacturing through delivery systems and customer satisfaction, all while negotiating workforce and stakeholder stability, health, safety, and welfare in ways unimaginable just a year ago. And then there is the stressful toll each of us has endured, some with heartbreaking loss. Compounding this crisis, we saw much civil unrest and the nation deeply divided over the summer and fall. Yet, we have endured what is hopefully, the worst, and begun the long process of recovery with light at the end of the tunnel.

To all the dedicated volunteers, examiners, judges, state program leaders and their Boards, as well as the Baldrige Program Staff, thank you for another successful year filled with achievement and progress in pursuit of performance excellence. And to those in the greater Baldrige community—consultants, members of ASQ, and other Baldrige-based organizations like the American Health Care Association—thanks for your continued support and collaboration.

Despite the challenges dealing with the COVID-19 pandemic, the Baldrige Performance Excellence Program (BPEP) had another successful year in FY2020. The Program well-managed

the Malcolm Baldrige National Quality Award process to include virtual site visits which the Foundation financially supported, delivering exceptional training experiences like virtual national examiner training, and managing the new *Pledge to America's Workers* Presidential Awards Program, also supported by the Foundation.

This year, more than twenty-five high-performing organizations applied for the nation's highest honor for performance excellence and the only award for quality that carries the seal of the President of the United States. After a demanding and thorough analysis, five organizations emerged as national role-model organizations and this year's Malcolm Baldrige National Quality Award (MBNQA) Winners:

- AARP, Washington, D.C. (Nonprofit)
- Elevations Credit Union, Boulder, Colorado (Nonprofit)
- GBMC HealthCare System, Baltimore, Maryland (Health Care)
- MESA, Tulsa, Oklahoma, (Small Business)
- Wellstar Paulding Hospital, Hiram, Georgia (Health Care)

Congratulations to each of these stellar organizations!

Advocacy

Throughout FY2020, the Foundation continued to promote the Baldrige Program, State-based Programs, and Communities of Excellence 2026 (COE2026) with leaders at the national, state, and local levels. We continue to strengthen our relationships with members of



Foundation President and CEO Al Faber (back, right) and Baldrige Performance Excellence Program Director Robert Fangmeyer (back, center) represented the Baldrige community at the inaugural Pledge to America's Workers Presidential Award presentation, overseen by Commerce Secretary Wilbur Ross (front, left) and Presidential Advisor Ivanka Trump (front, right).

the Commerce, Justice, Science and Related Agencies (CJS) Subcommittees and their staffs in both the House and the Senate. We continue to provide members with updates on the many benefits of Baldrige throughout the nation and across every sector of the economy, and impress upon them the excitement behind Communities of Excellence 2026, cybersecurity, and our work in rural health care. We continued our work with COE2026 and BPEP to coordinate support for "Community" to become the 7th Baldrige Awards Category through the NIST reauthorization language.

Additionally, we worked with BPEP, NIST, and the Department of Commerce to promote and conduct the awards ceremony for the new Pledge to America's Workers program at the White House along with Secretary Ross and Senior Advisor Ivanka Trump. These new awards helped to promote Baldrige throughout the federal government and in the private sector as well. This is also integral to our strategy of re-engaging the federal government to support the MBNQA program and showcase its value. At the award ceremony on September 23, 2020, U.S. Secretary of Commerce Wilbur Ross said,

"The presidential award presented today is rooted in NIST's Baldrige Performance Excellence Program, which was established under President Reagan to acknowledge American businesses that adopt a wide range of industry best practices, including workforce education and training.

The Baldrige Program looks at organizations holistically, and it emphasizes the need to show actual results. Consistent with these principles, the nine Pledge to America's Workers Presidential Award Winners are delivering results to their workers... Many have curricula that reach high school children to introduce them to new careers, as well as programs that help mature workers continue advancing in their careers."

We continue to enjoy strong bipartisan support in the Senate from both Jeanne Shaheen as the Chair, and Senator Jerry Moran, the ranking member of the CJS Subcommittee on Appropriations. Most notably, the entire subcommittee continues to support our efforts. This year, we had the honor of presenting the Baldrige Foundation Award for Leadership Excellence in Government to Senator Moran from Kansas. His

leadership in rural health care, cybersecurity, veterans' issues, education, labor, and numerous other areas have made him one of the nation's most respected senators. We are excited to recognize him and publicly thank him once again for his leadership. Bi-partisan support continues to be critically important in both the House and Senate as we advocate for "Community" to become the 7th Category of Baldrige Awards. This is a joint effort between the Foundation, Baldrige Program, Alliance for Performance Excellence, and Communities of Excellence 2026. Our planning is currently on-track and we are optimistic that we will soon see this exciting new category become a reality.

Lastly, during this time of transition to a new administration we need to take a moment and thank those who have shown us great support over the past four years. U.S. Secretary of Commerce Wilbur Ross helped to re-energize the Baldrige program and noted in his first Quest for Excellence® appearance in 2017, *"this public-private partnership generates \$1 billion per year in economic impact."*

He also served as co-chair for the new Presidential *Pledge to America's Workers* Award and supported the Baldrige Program appropriation followed by an increase in the FY2021 Budget.

We also want to recognize Dr. Walt Copan, Under Secretary of Commerce for Standards and Technology; Director, National Institute of Standards and Technology (NIST). Walt was a true ambassador for the Baldrige program, using the Baldrige Framework with his senior leadership team at NIST, supporting the Baldrige Program in the federal budget, and raising the visibility of Baldrige within the federal government and across the United States.

Walt attended every Quest for Excellence® Conference, Board of Overseers Meetings, and Foundation Board Meetings each November. He supported "Communities" becoming the 7th Baldrige Awards Category and championed performance excellence at every opportunity by showcasing the Baldrige Framework and Program.



U.S. Secretary of Commerce Wilbur Ross (speaking) and Dr. Walt Copan, Under Secretary of Commerce for Standards and Technology; Director, National Institute of Standards and Technology (NIST), presenting the 2018 Baldrige National Quality Award, April 7, 2019, National Harbor, Maryland.



Secretary Ross and Undersecretary Copan, thanks for your leadership and support! We wish you the very best in all your future endeavors.

Fundraising

Thanks to all our individual and organizational donors, sponsors, and partners over the past year who have helped us continue our mission to support the Baldrige Program and performance excellence in all sectors of the economy.

This year's giving campaigns, our *End-of-Year Campaign*, *Giving Tuesday*, *Planned Giving*, and growing membership in the *Mac Baldrige Society* were extraordinarily successful and significantly exceeded our fiscal year goals. This was especially encouraging given the global COVID-19 pandemic. No gift is too small, and from the individual gifts through online donations resulting from social media outreach to transformational gifts as we grow membership in the Mac Baldrige Society, collectively, we are all working to advance the Baldrige Framework and grow its use across the nation. We are proud to showcase our 2020 donors on page 110 of this year's *Journal of Performance Excellence*.

On June 1, 2020, we announced the Baldrige Foundation Institute for Performance Excellence. The Institute will undertake research projects, host conferences and other activities, conduct executive-level and online skills training, and publish and distribute a wide variety of educational materials, among other efforts to help organizations and individuals improve leadership and management skills.

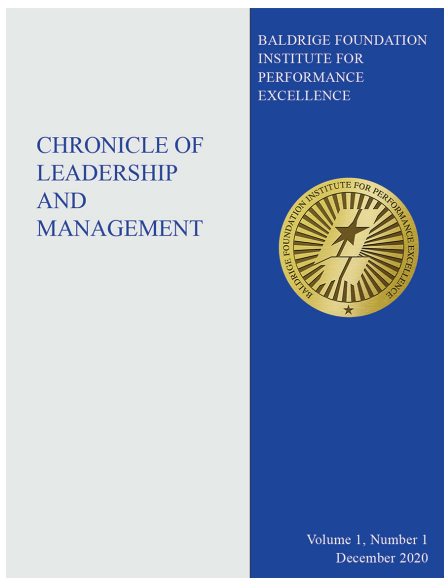
The Institute will also make available exclusive curated and original content along with training and educational opportunities through online and classroom instruction. We will have a best practice sharing online library and many other helpful resources. The exclusive networking opportunities and sharing of best practices alone can provide organizations and their employees with invaluable assistance in pursuing their performance excellence goals.

The Institute will help the Foundation move boldly into the next era of Baldrige with great confidence in our future, thanks to the support of our initial Institute Trustees who comprise the Mac Baldrige Society®. The Mac Baldrige Society is our campaign to establish the Institute with the generous support of the first twenty major donors.



The first Institute Trustees are: the Baldrige Family, Adventist Health, MidwayUSA, and Stellar Solutions. We look for others to join them in the coming months to help us continue in our mission.

In addition to the many resources available through the Institute, on December 28, 2020, we released its flagship publication, *the Chronicle of Leadership and Management*.®



I would like to thank Dr. James Evans for volunteering to serve as the Chronicle's first editor-in-chief. Dr. Evans is a nationally respected leader, author, and academician. We are grateful for his volunteer spirit in heading up this project. I also want to thank our editorial board for reviewing the numerous submissions we received. Dr. Evans has gathered a diverse group of stellar authors and Baldrige experts to assist him in determining the best articles to showcase in the *Chronicle*.

If Baldrige is to remain relevant and grow in its use, additional thought leadership in the domains of leadership and management will be required to inspire its

Our 2021 Individual Award Recipients are:

E. David Spong Lifetime Achievement Award

- Celeste Volz-Ford, Founder & Board Chair, Stellar Solutions
- Terry May, Founder and CEO, MESA

Harry S. Hertz Leadership Award

- Dr. Michael Ugwueke, President and CEO of Methodist Le Bonheur Healthcare in Memphis, Tennessee

2021 Award for Leadership Excellence recipients are:

- Dr. Walter Bumphus, President and CEO of the American Association of Community Colleges, in the Education sector
- Suzanne Clark, President of the U.S. Chamber of Commerce, in the Nonprofit sector
- Sue Dunn, retired CEO at Donor Alliance, in the Nonprofit sector
- Lindel Fields, Superintendent and CEO of Tri County Tech, in the Education sector
- Scott Frisch, Executive Vice President, Chief Operating Officer, AARP, in the Nonprofit sector
- Suzette Kent, former Federal Chief Information Officer of the United States, in the Cybersecurity sector
- Karen Kiel-Rosser, Vice President & Quality Improvement Officer for Mary Greeley Medical Center, in the Health Care sector
- The Honorable Jerry Moran, U.S. Senator from Kansas, in the Government sector

- C. Richard Panico, Founder, President, and CEO of Integrated Project Management Company, Inc., in the Business sector
- Pete Reicks, Chief Strategy and Performance Officer at Elevations Credit Union, in the Business sector
- Scott Reiner, CEO of Adventist Health, in the Health Care sector
- The Honorable José Serrano, U.S. House of Representatives, from New York, in the Government sector
- Chuck Stokes, Founding Partner at Relia Healthcare Advisors, in the Health Care sector
- Kevin Webb, President, Providers, Acute and Ambulatory Care at ProMedica, in the Health Care sector

Dr. Curt Reimann Baldrige Scholars are:

- Dr. Michael Dillard, Birmingham, Alabama
- Kallie Kujawa, Bozeman, Montana
- Dr. Christopher Maylor, Star, Idaho



application in every sector of the economy. The intent of Congress when establishing the Baldrige Program was to identify and recognize national role-models who would share their best practices to accelerate learning and high performance across the nation to drive American competitiveness in a global economy. For more than three decades the Baldrige Program has fulfilled that mission. The Baldrige Foundation's Institute for Performance Excellence was created to complement and leverage that success, and launch a fresh, new commitment to performance excellence.

As part of our collection of resources, the *Chronicle* will afford leaders and managers with in-depth articles into subjects that will help them think about what "can be" within their own organizations, and shorter, more practical articles with perspectives on contemporary ideas and current events. Even for those who are not using the Baldrige Framework, this publication will strive to become a valuable addition to your personal leadership and management library.

We continue to grow our popular individual awards program to include the Foundation Awards for Leadership Excellence and the Dr. Curt Reimann Baldrige Scholarship. The Baldrige Foundation Awards for Leadership Excellence recognize leaders in the Business (Manufacturing, Service, Small Business), Nonprofit, Government, Health Care, Education, and Cybersecurity sectors. The award recognizes leaders who provide exceptionally outstanding support to Baldrige and the Foundation's mission. The Dr. Curt Reimann Baldrige Scholarship provides recipients an opportunity to attend the Baldrige Examiner Training Experience, held each spring at NIST in Gaithersburg, MD, and in 2021 virtual training. The scholarship was created to recognize and honor the

important role played by examiners in the Baldrige Award process.



Promoting Performance Excellence

A critical part of the Foundation's mission is *promoting performance excellence* in the United States and throughout the world. In furthering that mission this past year, we strengthened a number of strategic partnerships and created several more.

Our partnership with the Confederation of Indian Industry (CII) continues to grow through mutual support and engagement in a number of ways. I had the opportunity to serve as a panelist in several of CII's conferences and as a Keynote for their first CII Healthcare Excellence Summit. We have reached thousands of organizations throughout South Asia thanks to our relationship with CII and the help of Foundation Board Member Sunil Sinha. We look forward to planning more events in the post-pandemic era with delegation visits to Baldrige role-model organizations in the United States and CII conferences in South Asia.

As we continue to grow in the health care space, we developed two new partnerships with highly-regarded organizations. The first is the Commission on Accreditation of Healthcare Management Education (CAHME), which "serves the public by

advancing the quality of health care management education globally.” CAHME accredits health care management programs across the United States to better prepare future health care leaders. This year, I had the opportunity to serve on their standards council and to network with other CAHME board members to help promote Baldrige in health care management education. We have also invited CAHME’s CEO, Dr. Anthony Stanowski, to be a member of our editorial board for the Foundation’s *Chronicle of Leadership and Management*.

The second new partnership is with the National Center for Healthcare Leadership (NCHL). NCHL is a Chicago-based, 501(c)(3) nonprofit that “promotes evidence-based leadership and organizational best practices within the health care space. It is dedicated to advancing health care leadership and organizational excellence by building diverse, inclusive, and collaborative relationships in the U.S. and abroad.” I had the pleasure of serving as a case competition Judge with Jill Schwieters, NCHL’s Board Chair, and have worked with NCHL’s CEO LeAnn Swanson to promote Baldrige and our Institute resources

throughout the NCHL community. They and CAHME are both Baldrige Health Care Criteria Sponsors for the 2020-2021 Frameworks.

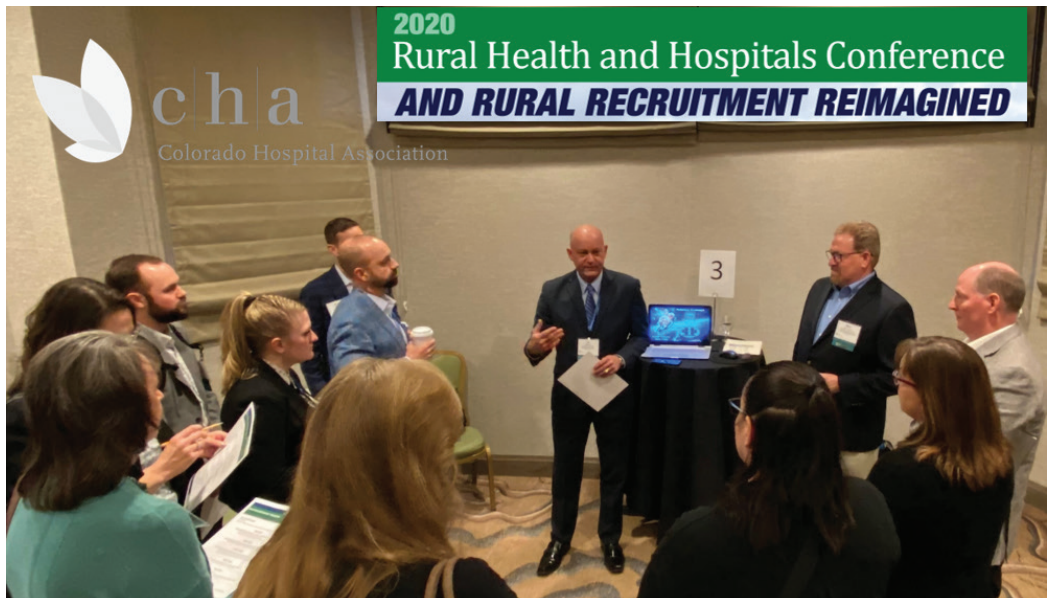
Prior to travel becoming limited during the pandemic, Benjamin Anderson, Vice President, Rural Health and Hospitals for the Colorado Hospital Association, invited me to present on Baldrige and quality in health care at their annual conference in Golden, Colorado. The Baldrige message resonated with rural health care leaders and has led to many follow-on engagements to include one of the Foundation’s most popular webinars, “*Finding our New North Star*.” Panelists for the webinar included: Chuck Stokes, Founding Partner at Relia Healthcare Advisors; Rulon Stacy, Director, Graduate Programs in Healthcare, University of Colorado; Benjamin Anderson, VP, Rural Health and Hospitals, Colorado Hospital Association; and Jayne Pope, CEO, Hill Country Memorial – a 2014 MBNQA Recipient. Like all Foundation webinars, it may still be viewed on the Foundation’s website.

The Foundation’s Institute for Performance Excellence is a thought leader on performance excellence,



Main headquarters of the Confederation of Indian Industry Institute for Quality.





Foundation President and CEO Al Faber (center) was a guest of the Colorado Hospital Association, here discussing the role Baldrige can play in leading and managing rural hospitals and health care systems in a time of pandemic.

leadership, and management. In carrying out our mission, we strive to share best practices in a variety of ways. Special interest webinars addressing contemporary issues have grown especially popular this year given the demand for online knowledge sharing.

One of our most popular webinars over the past year offered valuable resources and practical advice from a panel of experts managing and supporting the COVID-19 response. Executives from CHIME, Guidehouse, Muskegon County, Michigan, University of Colorado, and SOAR Vision Group conducted an interactive dialogue targeted toward hospital C-suite leaders. Panelists recommended how guidelines (e.g., from CDC and FEMA) can be effectively integrated into response plans with a tool like SOAR's PuLSE application and swiftly implemented into operational practice. The webinar also explored how hospitals can effectively partner with local and county officials for a more comprehensive response to COVID-19 with a current case study from Muskegon County, Michigan.

In June, we conducted our fourth CEO Roundtable along with State of Arizona executives, Health System CEO's, and community foundations on the topic of creating a Community Health System Without Walls in response to the COVID-19 pandemic and beyond. The purpose of this executive roundtable was to explore together the innovative public/private partnership case studies that are showing real promise during the pandemic. Daniel Burrus, futurist and author of *The Anticipatory Organization* was the discussion moderator along with Dr. Roger Spoelman, a long-time Trinity Health executive who is now actively engaged in his community supporting their response to the COVID-19 crisis. This exclusive *Leader Dialogue* event was hosted by the Baldrige Foundation in collaboration with SOAR Vision Group and Central Logic. The attendance exceeded our expectations and has led to numerous follow-on engagements.

This year, for the first time, CHIME's *Digital Health Most Wired* recognition is co-branded with the Baldrige Foundation. This achievement celebrates and validates hospitals and hospital systems' dedication to patient

and community focused Digital Health. They have proven their commitment to leading performance excellence and pioneering advancements in the health care industry. Baldrige was established to help organizations improve in a meaningful and structured way. This is why the Baldrige Foundation is partnering with CHIME on the Digital Health Most Wired program. Together, we have worked to transform the entire survey, results, and recognition program to mirror the Baldrige program's improvement Framework. More than 30,000 organizations were surveyed, benchmarked, and ranked, resulting in 65 organizations setting themselves apart on their excellence journey to achieve the highest-level recognition.

The Foundation also demonstrated its continued support for Communities of Excellence 2026, and I had the opportunity to congratulate leaders from my hometown, Youngstown, Ohio, who are participating in the National Collaborative. The Mahoning Valley Communities of Excellence Leadership Team includes representatives from the cities of Warren and Youngstown, the Community Foundation of the Mahoning Valley, Eastern Gateway Community College, Eastgate Regional Council of Governments, Mercy Health Foundation, The Raymond John Wean Foundation, Western Reserve Port Authority, The Youngstown Foundation, Youngstown State University, and the Youngstown/Warren Regional Chamber of Commerce.

We will continue to support COE2026 and "Community" becoming the 7th Sector of the Baldrige Awards. If we have learned anything this year, it is the value of community solutions to help

solve the most complex challenges, and the need for leaders from every sector to come together and develop strategies to continuously improve their communities by leveraging their unique strengths.

In summary, fiscal year 2020 proved to be a challenging, yet successful year for the Baldrige Program, Foundation, and State-Based Programs. With a clear sense of purpose, mission, and strategy, we continue to grow fundraising operations and increase awareness through advocacy. The Foundation's operating costs remained under budget, demonstrating our responsible stewardship of the Foundation's endowment and commitment to sustainability. Together with the Foundation's Board of Directors, we navigated the challenges associated with the COVID-19 pandemic and have created a bright future for the Foundation's sustainability through the new Institute for Performance Excellence.

On behalf of the Foundation's Board of Directors and staff, I wish to once again thank all the dedicated men and women across America who volunteer and support this great program. The Baldrige Excellence Framework continues to keep our nation on the leading edge of validated management best practices, and competitive in the global economy, returning enormous benefit to all U.S. citizens.

After three decades, Baldrige continues to be *America's Best Investment!*

Sincerely,



Al Faber
President and CEO



**THE FOUNDATION FOR THE
MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**

FINANCIAL STATEMENTS

September 30, 2020 and 2019

TABLE OF CONTENTS

Board of Directors	1
Independent Auditor's Report	2
Statements of Financial Position.....	4
Statements of Activities and Changes in Net Assets.....	6
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to the Financial Statements	10
Supplemental Schedule:	
Schedule of Investments	17

**THE FOUNDATION FOR THE
MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**

BOARD OF DIRECTORS

Kathryn Eggleston, Ph.D., Chairman

Rulon Stacey, Ph.D., Vice-Chairman

Frank Fusco, Treasurer

Russ Branzell, Secretary

E. David Spong, D.Sc.

Diane Brockmeier

David Gifford, MD, MPH

Lowell Kruse

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Tony Scott

Sunil Sinha

George Benson, Ph.D.

Kathryn Raethel, RN,
MPH, MNA, FACHE

Al Faber, President and CEO



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Foundation for the Malcolm Baldrige National Quality Award, Inc.

We have audited the accompanying financial statements of The Foundation for the Malcolm Baldrige National Quality Award, Inc. (a nonprofit corporation) (the "Foundation") which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Foundation for the Malcolm Baldrige National Quality Award, Inc. as of September 30, 2020 and 2019, and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of investments on page 17 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Whalen & Company, CPAs". The signature is written in a cursive, flowing style.

Whalen & Company, CPAs
Worthington, Ohio

March 30, 2021

**THE FOUNDATION FOR THE MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**
STATEMENTS OF FINANCIAL POSITION
As of September 30, 2020 and 2019

	ASSETS	
	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 534,097	\$ 511,424
Current portion of contributions receivable	195,000	85,000
Certificates of deposit	601,908	1,102,050
Related party receivables	<u>3,506</u>	<u>-</u>
TOTAL CURRENT ASSETS	1,334,511	1,698,474
PROPERTY AND EQUIPMENT		
Furniture and equipment	5,943	5,943
Less accumulated depreciation	<u>(3,424)</u>	<u>(2,235)</u>
NET PROPERTY AND EQUIPMENT	2,519	3,708
OTHER ASSETS		
Deposits	2,587	2,587
Contributions receivable, net of current portion	<u>149,600</u>	<u>85,700</u>
TOTAL OTHER ASSETS	<u>152,187</u>	<u>88,287</u>
TOTAL ASSETS	<u><u>\$ 1,489,217</u></u>	<u><u>\$ 1,790,469</u></u>

See accompanying notes and independent auditor's report.

**THE FOUNDATION FOR THE MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**
STATEMENTS OF FINANCIAL POSITION
As of September 30, 2020 and 2019

	2020	2019
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 7,825	\$ 10,499
TOTAL CURRENT LIABILITIES	7,825	10,499
LONG-TERM LIABILITIES		
Deferred revenue	-	1,000,000
TOTAL LIABILITIES	7,825	1,010,499
NET ASSETS		
WITHOUT DONOR RESTRICTIONS		
Undesignated	859,792	346,381
Board designated	252,000	252,000
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	1,111,792	598,381
WITH DONOR RESTRICTIONS		
Restricted for purpose	25,000	10,889
Time restricted	344,600	170,700
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	369,600	181,589
TOTAL NET ASSETS	1,481,392	779,970
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,489,217</u>	<u>\$ 1,790,469</u>

See accompanying notes and independent auditor's report.

**THE FOUNDATION FOR THE MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended September 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Contributions	\$ 1,286,323	\$ 400,000	\$ 1,686,323	\$ 165,212	\$ -	\$ 165,212
Quest sponsorship	28,706	25,000	53,706	78,000	30,000	108,000
In-kind donations	124,451	-	124,451	186,771	-	186,771
Other	104,095	-	104,095	37,162	-	37,162
Net assets released from restrictions	236,989	(236,989)	-	409,744	(409,744)	-
TOTAL REVENUE AND SUPPORT	<u>1,780,564</u>	<u>188,011</u>	<u>1,968,575</u>	<u>876,889</u>	<u>(379,744)</u>	<u>497,145</u>
INVESTMENT ACTIVITY						
Dividend and interest income	18,046	-	18,046	59,342	-	59,342
Net realized and unrealized gain (loss) on investments	3,046	-	3,046	(17,583)	-	(17,583)
NET INVESTMENT ACTIVITY	<u>21,092</u>	<u>-</u>	<u>21,092</u>	<u>41,759</u>	<u>-</u>	<u>41,759</u>
TOTAL	<u>1,801,656</u>	<u>188,011</u>	<u>1,989,667</u>	<u>918,648</u>	<u>(379,744)</u>	<u>538,904</u>
OPERATING EXPENSES						
Program services	406,676	-	406,676	659,638	-	659,638
Management and general	462,824	-	462,824	624,182	-	624,182
Fundraising	418,745	-	418,745	404,089	-	404,089
TOTAL OPERATING EXPENSES	<u>1,288,245</u>	<u>-</u>	<u>1,288,245</u>	<u>1,687,909</u>	<u>-</u>	<u>1,687,909</u>
CHANGE IN NET ASSETS	<u>513,411</u>	<u>188,011</u>	<u>701,422</u>	<u>(769,261)</u>	<u>(379,744)</u>	<u>(1,149,005)</u>
NET ASSETS, BEGINNING OF YEAR	<u>598,381</u>	<u>181,589</u>	<u>779,970</u>	<u>1,367,642</u>	<u>561,333</u>	<u>1,928,975</u>
NET ASSETS, END OF YEAR	<u>\$ 1,111,792</u>	<u>\$ 369,600</u>	<u>\$ 1,481,392</u>	<u>\$ 598,381</u>	<u>\$ 181,589</u>	<u>\$ 779,970</u>

See accompanying notes and independent auditor's report.

**THE FOUNDATION FOR THE MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2020

	Program Services	Management and General	Fundraising	Total
OPERATING EXPENSES				
Process management and support	\$ 61,955	\$ -	\$ -	\$ 61,955
Outreach	150	-	133,341	133,491
Harry Hertz award	529	-	-	529
David Spong award	1,185	-	-	1,185
Regional conference	2,366	-	-	2,366
Leadership excellence awards	4,738	-	-	4,738
Salaries and wages	310,966	153,279	215,722	679,967
Payroll taxes	19,925	9,125	13,039	42,089
Employee benefits	-	3,616	-	3,616
Outside services	-	1,235	-	1,235
Special events	-	4,024	253	4,277
Professional fees	-	18,352	-	18,352
Depreciation	-	1,189	-	1,189
Consulting	-	120,000	-	120,000
Bank fees	-	3,765	-	3,765
Office	-	82,047	43,171	125,218
Travel	-	6,111	4,163	10,274
Board member expense	-	1,151	-	1,151
Board member travel and meetings	-	13,049	-	13,049
Insurance	-	2,243	-	2,243
Bad debt	-	20,000	-	20,000
Miscellaneous	1,856	3,772	-	5,628
Registration fees	1,481	-	9,056	10,537
Information technology	1,525	19,866	-	21,391
TOTAL OPERATING EXPENSES	\$ 406,676	\$ 462,824	\$ 418,745	\$ 1,288,245

See accompanying notes and independent auditor's report.

**The Foundation for the Malcolm Baldrige
National Quality Award, Inc.**

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2019

	Program Services	Management and General	Fundraising	Total
OPERATING EXPENSES				
Process management and support	\$ 263,192	\$ -	\$ -	\$ 263,192
Outreach	-	-	130,670	130,670
Harry Hertz award	241	-	-	241
Regional conference	33,443	-	-	33,443
Leadership excellence awards	15,677	-	-	15,677
Scholarships	3,000	-	-	3,000
Salaries and wages	322,818	141,075	222,347	686,240
Payroll taxes	19,393	14,999	12,224	46,616
Employee benefits	-	3,616	656	4,272
Outside services	-	1,770	-	1,770
Recruitment	-	140	-	140
Special events	-	1,590	-	1,590
Professional fees	-	22,043	-	22,043
Depreciation	-	1,189	-	1,189
Consulting	-	190,000	-	190,000
Bank fees	-	561	-	561
Office	-	79,055	18,260	97,315
Travel	-	7,488	9,748	17,236
Board member expense	-	4,490	-	4,490
Board member travel and meetings	-	62,895	-	62,895
Insurance	-	2,414	-	2,414
Bad debt	-	5,421	-	5,421
Miscellaneous	-	11,701	-	11,701
Registration fees	-	-	10,184	10,184
Information technology	1,874	73,735	-	75,609
TOTAL OPERATING EXPENSES	\$ 659,638	\$ 624,182	\$ 404,089	\$ 1,687,909

See accompanying notes and independent auditor's report.

**THE FOUNDATION FOR THE MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**

STATEMENTS OF CASH FLOWS

For the Years Ended September 30, 2020 and 2019

	2020	2019
OPERATING ACTIVITIES		
Change in net assets	\$ 701,422	\$ (1,149,005)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	1,189	1,189
Net realized and unrealized (gains) losses on investments	(3,046)	17,583
Bad debt expense	20,000	5,421
(Increase) decrease in operating assets:		
Unconditional promises to give	(193,900)	116,979
Agency funds	-	(1,000)
Related party receivables	(3,506)	-
Prepaid expenses	-	20,000
Increase (decrease) in operating liabilities:		
Accounts payable	(2,674)	3,885
Deferred revenue	(1,000,000)	-
Agency funds	-	1,000
NET CASH FROM OPERATING ACTIVITIES	(480,515)	(983,948)
INVESTING ACTIVITIES		
Purchase of investments	(473,883)	(998,102)
Proceeds from the sale of investments	977,071	1,888,791
NET CASH FROM INVESTING ACTIVITIES	503,188	890,689
NET CHANGE IN CASH AND CASH EQUIVALENTS	22,673	(93,259)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	511,424	604,682
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 534,097	\$ 511,424

See accompanying notes and independent auditor's report.

**THE FOUNDATION FOR THE MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 1 - ORGANIZATION

The Foundation for the Malcolm Baldrige National Quality Award, Inc. (the "Foundation") is a not-for-profit corporation that provides the private sector a means of accomplishing the following for the Malcolm Baldrige National Quality Award (Award Program) objectives: raise sufficient funds to establish an endowment which, when supplemented by fees from Award Program applicants, would permanently fund the Award Program; oversee the investment of endowment funds; review the Award Program's accomplishments; disburse required funds to the National Institute of Standards and Technology (NIST); and review the plan and approve associated funds requirements for subsequent years to ensure the future success of the Award Program.

The Foundation is intended to function as an endowment fund. The fund is not legally restricted, and the Foundation plans to fund its future operations through earnings derived from its investments and potential additional solicitation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations.

The Foundation is required to report information regarding its financial position and activities by either net assets with donor restrictions or net assets without donor restrictions. A description of the two net asset categories follows:

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions due to timing restrictions, purpose or both that they be maintained temporarily or permanently by the Foundation.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

New Accounting Pronouncements

The Foundation adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, effective October 1, 2019. ASU No. 2018-08 clarifies the accounting guidance for contributions received and contributions made to assist entities in distinguishing between contributions (non-reciprocal) and exchange transactions (reciprocal). The distinction is important because contributions are accounted for under ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*, while exchange transactions are accounted for under other guidance such as ASC 605, *Revenue Recognition*. The guidance also clarifies how entities determine whether a contribution is conditional. The timing of revenue and expense recognition is dependent upon whether a contribution is conditional or unconditional. The Foundation's revenues that are subject to the ASU No. 2018-08 are contributions, special events, bequests, and grants from government agencies. Amendments under ASU No. 2018-08 should be applied on a modified prospective basis; however a retrospective application is permitted as well. The Foundation elected to adopt ASU No. 2018-08 on a retrospective basis.

The adoption of ASU No. 2018-08 did not have a material impact on the Foundation's financial statements and related disclosures.

**THE FOUNDATION FOR THE MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions Receivable

Contributions receivable are unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future fiscal years are recorded at the present value of their estimated future cash flows. The discount on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in interest income.

Cash and Cash Equivalents

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased.

Liquidity Management

The foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Foundation invests cash in excess of monthly requirements in short-term investments.

Property and Equipment

Property and equipment are stated at cost, if purchased, or estimated fair value, if donated, at the date of donation. Additions of \$1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Life</u>
Furniture and equipment	5 years

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid expenses.

Deferred Revenue

Cash received by the Foundation in the current or prior years that will be recognized over the subsequent periods to which it relates have been recorded as deferred revenue.

Donated Services

Donated services are recognized as contributions at their estimated fair value if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation recorded \$124,451 and \$186,771 in donated services for various professional services and donated board member travel during the years ended September 30, 2020 and 2019, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Foundation to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**THE FOUNDATION FOR THE MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Certificates of Deposit

Certificates of deposit are considered amounts held for investment that are not debt securities. Certificates with original maturities of more than three months and remaining maturities of one year or less are classified as current assets on the Statements of Financial Position. Certificates of deposit with remaining maturities greater than one year are classified as other assets.

Revenue Recognition

Unconditional promises to give are recognized as revenue in the period the promise was made. Conditional promises are recorded as revenue when the conditions are substantially met. Contributions with donor imposed stipulations that limit the use of the donated asset, either temporarily or permanently, are recorded as increases to net assets with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution is received, the Foundation records the contribution revenue as an increase to net assets without donor restrictions.

Program Expenses

The Foundation sponsors the Malcolm Baldrige National Quality Award for performance excellence in the business, health care, education and nonprofit communities.

The Foundation provides to NIST the funds necessary to support the Award Program, under the requirements of the *Malcolm Baldrige National Quality Improvement Act of 1987*. The Foundation records annual expenses based on the most recent actual data provided by NIST as of September 30, 2020 and 2019.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and the supporting services benefited.

Direct Program Expenses – direct program expenses include any expenses that are incurred to ensure the long-term financial growth and viability of the Baldrige Performance Excellence Program and to support organizational performance excellence in the United States of America and around the world.

Direct Management and General Expenses – direct management and general expenses include normal administrative activities such as, but not limited to, management, accounting, human resources and governance.

Direct Fundraising Expenses – direct fundraising expenses are any expenses incurred in soliciting cash and noncash contributions.

Common Expenses – common expenses that cover multiple functional areas are allocated based on time incurred or use of space. Expenses allocated by time spent, are allocated based on the direct time or the direct supervision spent on these activities. Any remaining expenses are allocated to management and general expenses. Expenses allocated based on the use of space are determined based on square footage used by the activity. Common-use space is further allocated based on staffing time allocation.

**THE FOUNDATION FOR THE MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Reclassifications

Certain amounts have been reclassified for the year ended September 30, 2019 to conform to the presentation for the year ended September 30, 2020. The cumulative effect of this reclass to total change in net assets for 2019 was \$0.

Income Taxes

The Foundation has been determined, by the Internal Revenue Service, as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and, as a result, a provision for income taxes is not required. The Foundation records interest and penalties, if any, in interest expense and other expense, respectively, in operating expenses. During the years ended September 30, 2020 and 2019, the Foundation did not have any interest or penalties related to taxes. Management believes there are no uncertain tax positions taken as of September 30, 2020 or 2019.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The financial assets available for the Foundation's general use as of September 30, 2020 and 2019 are as follows:

	2020	2019
Financial assets, at year end	\$ 1,484,111	\$ 1,784,174
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time and purpose	(369,600)	(181,589)
Subject to appropriation	(7,825)	(10,499)
Investments held for long term purpose	-	(1,000,000)
Board designations:		
Commitment to Performance Excellence Program	(250,000)	(250,000)
Commitment to Quest Conference	(2,000)	(2,000)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 854,686</u>	<u>\$ 340,086</u>

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consists of unconditional promises to give. The Foundation's management reviews past due receivables and allows for all accounts deemed uncollectible after all reasonable collection efforts have been exhausted. Based on management review of contributions receivable at September 30, 2020, no allowance for doubtful accounts was deemed necessary. Bad debt expense was \$20,000 and \$5,421 for the years ended September 30, 2020 and 2019, respectively. Estimated collections on outstanding contributions receivable at net present value are as follows at September 30:

**THE FOUNDATION FOR THE MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 4 - CONTRIBUTIONS RECEIVABLE - CONTINUED

	2020	2019
Current – less than one year	\$ 195,000	\$ 85,000
Noncurrent – one to five years	150,000	75,000
Noncurrent – over five years	15,000	20,000
Less unamortized discount	<u>(15,400)</u>	<u>(9,300)</u>
Total noncurrent	<u>149,600</u>	<u>85,700</u>
Total contributions receivable	<u>\$ 344,600</u>	<u>\$ 170,700</u>

Contributions receivable with due dates extending beyond one year are discounted using rates for similar investments. The rate at September 30, 2020 and 2019 was 2.50%.

NOTE 5 - OPERATING LEASE

In November 2017, the Foundation entered into an operating lease for office space. Over the term of the lease, which expires in October 2020, rent payments escalate and average \$1,281 per month. The Foundation is also responsible for its proportional share of real estate taxes and certain operating expenses. The Foundation has the ability to renew this lease for two additional three-year terms. Rent and common area expense under this lease agreement totaled \$34,340 and \$37,344 and for the years ended September 30, 2020 and 2019, respectively.

Aggregate future minimum maturities under this operating lease at September 30, 2020, are as follows:

2021	<u>1,281</u>
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NOTE 6 - DEFERRED REVENUE

In 2013, the Foundation, as an agent, received one million dollars from a private donor. These funds are an incentive for the K-12 public school districts in the State of Missouri to receive the Malcolm Baldrige National Quality Award. The first K-12 district to receive the Malcolm Baldrige National Quality Award in this state will receive these funds. If no school district receives the award by December 31, 2023, the funds will become an unrestricted contribution to the Foundation.

During 2020, the funds were gifted to the Foundation and therefore all restrictions were removed and a million dollars of revenue was recognized.

NOTE 7 - EMPLOYEE RETIREMENT PLAN

The Foundation sponsors a voluntary 403(b) plan for all eligible employees who work a minimum of twenty hours per week and are at the age of twenty-one years or older. The Foundation does not contribute to this plan.

NOTE 8 - CHANNEL PARTNERSHIPS

The Foundation has entered into a number of partnership agreements to promote the Baldrige Foundation through co-marketing agreements and the sharing of trademark and marketing materials. These mutually beneficial arrangements also generate contributions for the Foundation when certain conditions or referrals from the Foundation result in new customers for these companies. During the years ended September 30, 2020 and 2019 contributions from these arrangements was \$30,973 and \$32,006, respectively.

**THE FOUNDATION FOR THE MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 9 - DESIGNATED NET ASSETS

During the years ended September 30, 2020 and 2019, the Foundation's board of directors made a commitment to continue funding for the Performance Excellence Program through the following year. Accordingly, the Foundation's board of directors designated \$250,000 of the Foundation's net assets without donor restriction as of September 30, 2020 and 2019 to fund this program. The Foundation's board of directors has also designated \$2,000 for the 2020 and 2019 Quest Conference.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

The Foundation had the following net asset with donor restrictions for the year ending September 30:

	2020	2019
Reimann Scholarship Fund	\$ -	\$ 10,889
Quest Conference	25,000	-
Unconditional promises to give:		
Current	195,000	85,000
Noncurrent	149,600	85,700
Total	<u>\$ 369,600</u>	<u>\$ 181,589</u>

NOTE 11 - RISKS AND UNCERTAINTIES

The Foundation has investments in certified deposits and is therefore subject to market risks. Investments are managed by a firm to maximize returns within the Foundation's investment policies. Although the market value of investments is subject to fluctuation on a year-to-year basis, management believes the investment policies are prudent for the long-term welfare of the Foundation. However, actual results and outcomes may differ from management's estimates and assumptions due to risks and uncertainties, included the uncertainty in the current economic environment due to the recent outbreak of a novel strain of the coronavirus ("COVID-19").

The Foundation maintains cash in various bank deposit accounts, which at times may exceed federally insured limits of \$250,000. The Foundation has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk on cash.

NOTE 12 - SUBSEQUENT EVENTS

Management evaluated subsequent events through March 30, 2021, the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

**THE FOUNDATION FOR THE MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**
SCHEDULE OF INVESTMENTS
September 30, 2020

<u>Description</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Cost</u>	<u>Fair Value</u>
Money Markets	N/A	Varies	\$ 308,942	\$ 308,942
Certificates of Deposit				
Tristate Capital	March 12, 2021	0.75%	200,000	200,607
First Foundation	March 17, 2021	0.75%	200,000	200,626
Welch State Bank	March 19, 2021	0.80%	200,000	200,675
Total certificates of deposit			600,000	601,908
Total investments			<u>\$ 908,942</u>	<u>\$ 910,850</u>

See independent auditor's report.